

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (04/13)**

BUTTER: Grade AA closed at \$1.1475. The weekly average for Grade AA is \$1.1469 (-.0136).

CHEESE: Barrels closed at \$1.1225 and blocks at \$1.1600. The weekly average for barrels is \$1.1250 (-.0085) and blocks, \$1.1600 (-.0185).

BUTTER: Early in the week, the CME cash butter price dipped to the lowest level thus far this year and the lowest since September 2003, rebounding fractionally Thursday and finishing the week at \$1.1475. Producers and handlers have mixed opinions on the stability of this price level. Some state that the price level will hold, while others site that heavy production, slow sales, and building inventories will cause the price to dip further. Cream supplies are heavier than projected and butter makers are operating well above anticipated levels for this time of the season. Early in the week, ice cream production was seasonally active, but later in the week, many ice cream plants will reduce production schedules for the holiday weekend and surplus cream volumes will once again increase. Demand for butter has slowed after Easter orders were filled. The expectations are that butter production will remain active with print orders slowing down. This would result in more bulking and storing of butter in the short term. Pressure would be on market prices and there could be potential to clear butter to the government support program at \$1.0500 per pound.

CHEESE: The cheese market is about steady. Most processors and packagers will operate on an abbreviated schedule due to the holiday, reducing bulk cheese needs. Spot offerings are starting to become more available on many natural varieties. A few mozzarella producers remain fully committed into May. Process movement is steady to slightly improved. Barrels remain tight. Cheese production remains seasonally active with plant operators more inclined to purchase outside milk when prices are in line with the returns from cheese and whey sales. Most plants are operating on very heavy seasonal schedules due to the milk volume available. The Kansas City Commodity office announced contracts were awarded to sell to CCC between 15,760,800 – 57,063,600 pounds of process, 25,240,320 – 72,495,360 pounds of mozzarella, and 6,375,100 – 19,347,950 pounds of cheddar cheese for July 1, 2006 – June 30, 2007 delivery. USDA intends to issue a supplemental invitation to obtain 13.8 million pounds of barrels that were not purchased (further purchase details on page 12).

FLUID MILK: Milk production has leveled off in Florida and other Gulf Coast states as well as in Arizona, though plant operators are still unsure whether the annual peak has come and gone. Milk volumes are generally steady in California despite recent wet weather. Receipts are steady to higher in the Northeast, Middle Atlantic, as well as in Utah and Idaho, and at a plateau in the Pacific Northwest. Plant volumes are steady to higher though occasionally slightly lower in the upper Midwest. Most schools are closed for at least an extra day for a spring/holiday break, reducing Class I needs. Additional fluid volumes are being diverted to manufacturing

channels. Overall, manufacturing plants continue to operate on extended schedules with receipts well above year ago levels.

DRY PRODUCTS: Recent dry market trends continue. Lactose remains the only firm market with steady to higher prices. Limited supplies remain for spot sales as some producers remain behind on previous commitments. Some lactose feed users are looking at alternatives to help cover needs. The whey, NDM, buttermilk, whole milk, and WPC markets are all weak. Prices are steady to generally lower. Heavy seasonal supplies of milk are generating large volumes and dryers for all products remain very active. Some sellers are pushing condensed sales to help alleviate the pressure on their dryers. Inventories are accumulating and most buyers are limiting purchases to short term needs. Reports indicate that NDM sales to CCC could resume if commercial demand does not improve. Exports of NDM are not as active as anticipated. High heat NDM spot supplies are limited as producers just try to meet commitments. With large volumes of skim to dry, some plants are unable to make larger volumes of whole milk. Supplies are closely balanced. Another whole milk export sale for 237,600 pounds (108 Metric Tons) under the C.W.T. program was announced this week. Good export interest is noted by whey producers with long term export business though light for new traders.

CCC: During the week of April 10 - 14, there was no dairy price support activity.

APRIL MILK SUPPLY AND DEMAND ESTIMATES (WAOB):

Forecast milk supply in 2006 is raised from last month as USDA's *Milk Production* report indicated continued strong growth in milk supplies during February. With higher production, stock forecasts are increased slightly. Product prices are forecast lower than last month, but forecast CCC net removals are unchanged. The Class III price forecast is reduced due to lower expected cheese prices. Likewise, lower forecast butter prices result in a lower Class IV price. The all milk price forecast for 2006 is lowered to \$12.55 - \$13.05 per cwt.

PRESIDENT SIGNS MILK EQUITY ACT: President Bush signed the Milk Regulatory Equity Act (S. 2120) on April 11 and will become effective May 1, 2006. Bottling plants that now avoid pooling by selling all their milk from a Federal order into a state order will be regulated by the Federal orders in which their plants are located.

JANUARY MAILBOX MILK PRICES (DAIRY PROGRAMS): In January 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.43, \$.30 less than the figure for the previous month. The component tests of producer milk in January 2006 were: butterfat, 3.77%; protein, 3.07%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$17.31 in Florida to \$12.74 in New Mexico. In January 2005, the Federal milk order all-area average mailbox price was \$15.89, \$1.46 higher.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY APRIL 10	TUESDAY APRIL 11	WEDNESDAY APRIL 12	THURSDAY APRIL 13	FRIDAY APRIL 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1275 (N.C.)	\$1.1275 (N.C.)	\$1.1225 (-.0050)	\$1.1225 (N.C.)	HOLIDAY	(-.0050)	\$1.1250 (-.0085)
40# BLOCKS	\$1.1600 (N.C.)	\$1.1600 (N.C.)	\$1.1600 (N.C.)	\$1.1600 (N.C.)	NO	(N.C.)	\$1.1600 (-.0185)
BUTTER GRADE AA	\$1.1500 (-.0075)	\$1.1450 (-.0050)	\$1.1450 (N.C.)	\$1.1475 (+.0025)	TRADING	(-.0100)	\$1.1469 (-.0136)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2. The CME will be closed Friday, April 14, for Good Friday.

CHICAGO MERCANTILE EXCHANGE

MONDAY, APRIL 10, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1400; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.1500, 1 @ \$1.1525, 2 @ \$1.1575

TUESDAY, APRIL 11, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.1450, 1 @ \$1.1500, 1 @ \$1.1450; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.1450; OFFERS UNCOVERED: NONE

WEDNESDAY, APRIL 12, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1225; 1 CAR 40# BLOCKS @ \$1.1600

BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1400, 1 @ \$1.1350; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.1500

THURSDAY, APRIL 13, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1600

BUTTER — SALES: NONE; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.1475, 1 @ \$1.1450, 1 @ \$1.1400, 3 @ \$1.1350; OFFERS UNCOVERED: NONE

FRIDAY, APRIL 14, 2006

HOLIDAY, NO TRADING

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A occurred February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

BUTTER MARKETS**NORTHEAST**

The butter market is weak. Now that most Easter/Passover needs have been shipped, the continued heavy production is growing producer inventories. The CME cash price has declined to \$1.15 on 4/10, which matches its lowest level of the year. Cream supplies are still heavier than desired and butter makers are operating well above anticipated, early-April levels. Food service orders are improving as restaurateurs prepare for the typically good Easter Sunday demand. Retail orders are lighter now that chain store orders are "in house." Demand for bulk butter remains lackluster. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

At midweek, the cash butter price is \$1.1450, the lowest price since early September 2003. Producers and handlers have mixed opinions on the stability of this price level. Some state that the price level will hold, while others site that heavy production, slow sales, and building inventories will cause the price to dip further. Cream offerings are readily available from both local and out of area sources. Some indicate that outside offerings are slightly lower, but anticipate these offering to increase as the holiday weekend nears. Early in the week, ice cream production was seasonally active, but later in the week, many ice cream plants will reduce production schedules for the holiday weekend and surplus volumes will once again increase for churning. This will be short lived as ice cream output should resume early next week. Butter production is surpassing demand thus inventories are increasing. Butter

demand is fair at best. Producers and handlers continue to voice their surprise at the lack of butter demand in recent weeks. Most felt that the cash price over the past 4 – 6 weeks would have stimulated stronger buyer interest, but this did not materialize as expected. Some scattered retail feature activity is being reported, but this also is much lighter than expected. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

The Grade AA butter price declined this week and closed at \$1.1450, the lowest price in 2 1/2 years. Butter production remains active in the region to process the available milk and cream supplies. Output continues to build. The influx of cream is building ahead of the holiday weekend when even more cream is expected to move to regional churns. Demand for butter has slowed for some buyers after Easter orders were filled. Other chains running specials were even back for more butter. The situation after the holiday will be watched closely. The expectations are that butter production will remain active with print orders slowing down. This would result in more bulking and storing of butter in the short term. Pressure would be on the market prices and there could be potential to clear butter to the support program. The current support price is \$1.0500 per pound. This week, several Western firms have had export sales made under the CWT program for butter and anhydrous butterfat. CME butter stocks increased by 5.3 million pound last week and stand at 120.0 million pounds. This compares to 70.0 million pounds a year ago. Prices for bulk butter range from 3 cents under to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
APRIL 8	1.1649	1.1391	0.8400	1.1442	0.3083
	8,153,284	10,162,640	22,994,246	2,771,610	10,965,162

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are slightly higher due to changes in last week's CME weekly averages. However, late last week the cash price for both blocks and barrels did decline, which will impact next week's prices. Many buyers, knowing this, are delaying orders as they hope for lower prices. Demand is also slower because Easter/Passover needs have been shipped. Cheese output in the Northeast remains moderate to mostly heavy. Surplus milk volumes are heavy and many contacts expect these spring flush volumes to hold at heavy levels through most of the second quarter. Cheese supplies are more than adequate to meet the slower demand. Food service orders are slowing since most of the Easter needs are in and deliveries are being made.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2600-1.7800
Cheddar Single Daisies	:	1.2175-1.7025
Cheddar 40# Block	:	1.3175-1.5900
Process 5# Loaf	:	1.3425-1.5825
Process 5# Sliced	:	1.3625-1.5900
Muenster	:	1.3325-1.5325
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled to weak. Most packagers and processors will operate on holiday abbreviated schedules this week with at least one operation shorter again next week. Promotional activity is starting to focus more on process though still active on natural. Offerings and/or order lead times are returning to more normal lengths after milk prices have fallen more in line with returns from cheese and whey sales. Most shred equipment continues to run on extended schedules. Mozzarella production and supplies are starting to catch up with demand though some producers remain heavily committed into May. Barrels remain tight as process orders are steady to slightly improved. Frequent use of undergrades is extending barrel supplies for most processors. Swiss supplies are mixed, tight for some producers and available from others, although demand may be aided by lower prices after reductions in milk and/or cheese prices. Current cheese production is uneven, in at least one instance lower, where milk intakes have declined just before fresh pasture may become available in a week or so.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4025-1.6100
Brick And/Or Muenster 5#	:	1.6400-1.7225
Cheddar 40# Block	:	1.4900-2.2650
Monterey Jack 10#	:	1.6400-2.2650
Blue 5#	:	2.0275-2.3200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3525-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3050-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER : CHEESE	
04/10/06	37,718	: 132,304
04/01/06	35,285	: 131,361
CHANGE	2,433	: 943
% CHANGE	7	: 1

WEST

Pricing levels for block cheese at the CME retreated to \$1.1600 last Thursday and gave up recent gains. Many trade contacts had questioned why prices would increase with current conditions. Prices have held for five trading sessions. Cheese production remains seasonally heavy in the West. Plant capacities are expected to be tested over the holiday weekend. Cheese supplies are adequate to long in the region. Demand has been good for most varieties. Cheddar is moving well with buyers more content now that downward price risks are limited and they need to fill current needs and aging programs. When loads are cancelled, other buyers are picking up those offerings. Contacts were noting that sales of shreds and similar packed items are moving better than projections. Interest for Swiss cheese is very good into regular accounts and to food service. Mozzarella demand is fair to good. Many national and regions pizza chains are running pizza specials. The demand side has improved, but the production remains active to process the building milk supplies in the region. Some producers have to freeze excess mozzarella production.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2850-1.5425
Cheddar 40# Block	:	1.2975-1.6500
Cheddar 10# Cuts	:	1.4775-1.6975
Monterey Jack 10#	:	1.4875-1.6475
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Prices are steady to slightly higher on domestic styles. Stocks are adequate to meet the seasonally fair demand. Food service orders are slowing as most Easter needs have been shipped to restaurants.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.4300	: 1.5725-3.0625*
Gorgonzola	: 3.6900-5.9400	: 2.0825-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9875-3.0925*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.5725-1.8100*
Romano (Cows Milk)	: -0-	: 2.7700-4.9125*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	97	0	106	0	134
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is starting to level off in Louisiana, Florida, and other Gulf Coast states, holding relatively steady in the Mid-South, and increasing in the Middle Atlantic and Northeast states. Fat and protein tests are decreasing along seasonal patterns. Some contacts feel that the peak has been reached in the Southeast, but not yet declining from those levels. Historically, the peak in the Middle Atlantic is a few weeks away with the Northeast's usually in mid-May. There have been more comments about the increasing number of dairy farm auctions, which is typical for spring. It is not believed that the number of farmers ceasing milking operations is any higher or lower than other years'. Fluid milk supplies are excessive for the steady Class I demand. Some schools are still on spring break, but many will be closed a day or two around Easter weekend, which will impact bottled milk processing and sales this week. Surplus milk volumes are also excessive and plant capacities are being tested throughout the region. Contacts are concerned about processing (manufacturing) capacities during the height of the flush. Many Northeastern plants have shut down over the past few years. This loss of plant capacity and silo tanks for temporary storage is pushing more milk through the remaining plants. The condensed skim market is little changed, but prices have inched lower, particularly at the upper end of the ranges. Spot sales are limited as users still find NDM a less expensive alternative. Some unconfirmed reports indicate distressed prices, as buyers shop for the best price for skim solids. The fluid cream market is mixed, mostly weak. Last week's "bump up" in the CME average butter price is followed this week by price declines in the cash butter market. Demand has slowed since Easter weekend needs have been filled and buyers are now waiting for prices to decline further before reentering the spot market. Ice cream production is mostly steady, but warmer weather is helping improve soft serve orders. Production of bottled cream, aerosol whipped cream, sour cream, and cream cheese has slowed. Churning activity is steady at moderate to heavy levels. Eastern cream continues to clear to Midwestern butter plants, but volumes are slightly lower.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3346-1.4970
DELIVERED EQUIVALENT ATLANTA	-	1.3462-1.5087 M 1.3926-1.4506
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3694-1.4506

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8900-.9700
NORTHEAST- CLASS III - SPOT PRICES	- .8800-.9700

CORRECTION: FOR REPORTS 12 AND 13, THE CLASS II & III CONDENSED SKIM PRICES WERE TRANSPOSED. FOR BOTH WEEKS, THE CLASS II PRICE SHOULD HAVE BEEN .9300-1.0400 AND THE CLASS III .9500-1.0400.

M I D W E S T

Class I interest was uneven over the course of the week. Early in the week, demand was about steady to occasionally lighter. However, by midweek, fluid demand had slowed noticeably and volumes for manufacturing were higher. Cottage cheese and dip sales were also generally lighter as holiday orders have been covered. Manufacturing milk demand is light as supplies are available and operators can operate as heavy as desired. Many managers choose to limit production rather

than warehouse more product. Reported local region spot milk prices, on a light test, range from about -\$1.00 to about flat class, net shipper. Milk imports from further South remain available. Cream demand is steady to lighter from Class II users and churners are less interested in spot purchases as holiday orders have been shipped and printing needs have slowed. Also, the holiday will cause more ice cream manufacturers to operate on an abbreviated schedule this week. Butter makers expect to inventory butter produced for a while though a few reports indicate industrial use may improve at current prices. Cream supplies remain heavy with lower multiples expected over the holiday weekend. At least a few plant operators have reported very slight declines in producer milk receipts from recent weeks, though overall volumes still remain well above year ago levels. Warmer temperatures have caused pastures to green but growth is not enough for cattle. More fieldwork is occurring and, except for very early sweet corn, planting has been mainly small grains and seeding due to cool soil and air temperatures in the upper tier of states. Recent rains have helped to replenish depleted soil moisture though some areas remain very dry.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	APRIL 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 53.50	\$ 54.00- 65.00
REPLACEMENT HEIFER CALVES	\$400.00-680.00	\$300.00-650.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	APRIL 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 53.00	\$ 53.00- 63.00

W E S T

The May 2006 Class 1 prices in CALIFORNIA range from \$12.33 in the north to \$12.61 in the south. The statewide average Class 1 price based on production is \$12.36. The average is 19 cents lower than April 2006 and \$4.07 less than May 2005. Milk production in CALIFORNIA is holding mostly steady at levels in the 4-6% higher than year ago levels. The rains and wet conditions don't seem to have much of an impact on milk production, but the growth has been slowed. The rains are posing problems for cutting hay and green chopping. The lack of new crop hay and chop are said to be affecting milk production. The bigger concern is that hay producers will lose a crop and that the first crop will be past maturity and be poor quality. Prices for top quality hay could then be high this year. Handling milk has been a struggle for processors. The holiday weekend is expected to provide additional challenged as fluid orders have declined and smaller dairy plants are taking an extra day off around the holiday weekend. ARIZONA milk output has leveled off, but handlers are not yet sure that the peak has been reached. Much of the state is experiencing hotter temperatures towards 90 degrees, but nighttime temperatures are still cooling and humidity has been low. So, cows are not being stressed to any extent. CREAM markets are highly unsettled. Offerings were tighter early in the week, but eased after midweek. Demand slowed with processors having filled cream-based, holiday item orders. Excess cream continues to end up at local and out of region churns. Midwestern butter producers were lowering their offering multiples they were willing to pay. In California, pricing was also trending lower. Multiples are in the 95 to 118 range, and vary depending on class usage and basing points. Milk production in UTAH and IDAHO is following recent patterns. Processors' schedules are active to process the building volumes of milk. Plants are expected to be at capacity over the holiday weekend. Weather conditions have been warmer. Rains have not impacted milk production. Rains have alleviated early irrigation needs. In the PACIFIC NORTHWEST, milk output is holding mainly steady and not affected by rainfall in the region. Processing plants are handling the current milk supply. Contacts expect a busy holiday weekend as milk backs up from bottling plants.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to lower on a steady to weak market. Plants continue to report steady intakes of milk. As a result, production of NDM is fairly constant from manufacturers that produce year round and those that have been seasonally operating during the last month. Supplies of condensed skim are readily available, especially as the lower prices of milk protein concentrates reduce the incentive to make milk protein concentrates. Demand for NDM is fair with some brokers reporting that they are being undercut on offers made near the top of the mostly range. Western supplies are available to Central region buyers at prices that are not very attractive due to the increased expense in shipping.

EAST: Prices continue to trend lower as offerings all across the country increase and demand slows while prices are falling. As one contact noted, a buyer who typically buys a month in advance to assure available supplies, is now buying several days in advance. Powder is readily available from producers and resellers. The NASS average NDM price (the basis for most NDM sales) decreased about 1.8 cents last week. Production levels remain heavy as most Eastern dryers report continued excessive volumes of surplus milk. There was little down time for Eastern dryers this week. Eastern producer stocks are accumulating and many are forced to use outside storage because plant warehouses are full. Export interest is unchanged. Traders comment that the market is highly competitive as their offers to sell are often undercut by surprisingly low prices.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8300 - .8950 MOSTLY: .8300 - .8500
 HIGHHEAT: .8850 - 1.0200

NONFAT DRY MILK - WEST

Prices are steady to lower for the low/medium heat price series. The market undertone remains weak as buying activity is looking for the lowest prices available. Spot prices are often lower as producers try to keep stocks moving. Exporting is not as active as anticipated and domestic demand is often below projections. There are comments that additional offering to the CCC support program could be utilized if demand does not improve. Drying schedules remain heavy in the region as milk production is heavy and moving higher. Activity is expected to be jumping as milk supplies back up over the holiday weekend. High heat prices are lower in light trading. Producers are willing to do what it takes to cover contract sales commitments, but are not able to produce more for other spot needs. From January to February 2006, FAS reports exports of NDM/SMP totaled 36,530 MT (80.5 million pounds), compared to 60,099 MT (136.9 million pounds) in the same period in 2005, a decline of 41.2%. During February 2006, exports totaled 50.3 million pounds.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8500 MOSTLY: .8050 - .8150
 HIGHHEAT: .8350 - .8800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
April 7	\$.8257	10,955,434	247,806
March 31	\$.8507	15,308,533	593,039

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a weak market. Production is fairly constant. Although ice cream has been increasing their intakes of condensed buttermilk, some ice cream manufacturers are operating shorter work weeks due to the holiday, encouraging increased buttermilk intakes at dryers. Dryer space is limited in some areas, encouraging some producers to look for open dryer space outside of the Central region. Stocks of dry buttermilk continue to build at some locations. Some manufacturers would be willing to trade at significant discounts to clear significant volumes. Export interest is nominal.

F.O.B. CENTRAL: .7100 - .7900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are sharply lower as stocks build and demand is lackluster. Northeastern prices remain nominal. The market tone is weak. Production levels, paralleling churning activity, are moderate to heavy. Demand is seldom better than fair. The recent price declines have stimulated some interest. Seasonal demand for liquid buttermilk is also starting to improve.

F.O.B. NORTHEAST: .7000 - .7500
 DELVD SOUTHEAST: .7500 - .8000

DRY BUTTERMILK - WEST

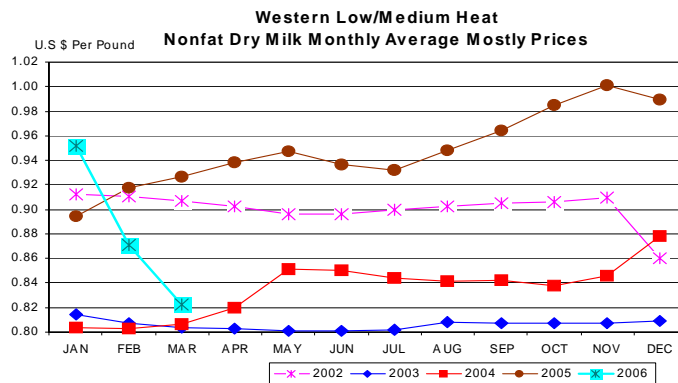
Dry buttermilk prices in the West continue to trend slightly lower and the market tone remains weak. Butter production is active and buttermilk solids are being dried. Demand is mainly slow. Some blocks are being offered out for exporting as producers attempt to clear stocks. Producers' inventories are moderate to heavy and are higher than trade needs.

F.O.B. WEST: .6200 - .7000 MOSTLY: .6400 - .6800

DRY WHOLE MILK - NATIONAL

Prices are steady to lower and remain nominal. Production levels remain light and generally geared to meeting orders. With all the milk moving through drying facilities, most operations that make dry whole milk have little dryer time available. Plant stocks are closely balanced. The market tone is steady. The CWT industry-operated self-help, export program, accepted a bid (the fourth) to export 108 MT (237,600 pounds) of whole milk powder to Guatemala.

F.O.B. PRODUCING PLANT: 1.1500 - 1.2400



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. Trade activity is light. Some producers and traders suggest that the market may be nearing a bottom. Others believe the market needs to steadily trend lower, especially to stay in line with WPC prices. Production is mostly steady. Supplies of condensed whey remain readily available, providing a constant source of whey to seasonal custom dryers. Feed grade supplies are light and prices are nominal. Demand for feed grade whey is reportedly good.

F.O.B. CENTRAL: .2800 - .2975 MOSTLY: .2850 - .2975
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2600 - .2700

DRY WHEY - NORTHEAST AND SOUTHEAST

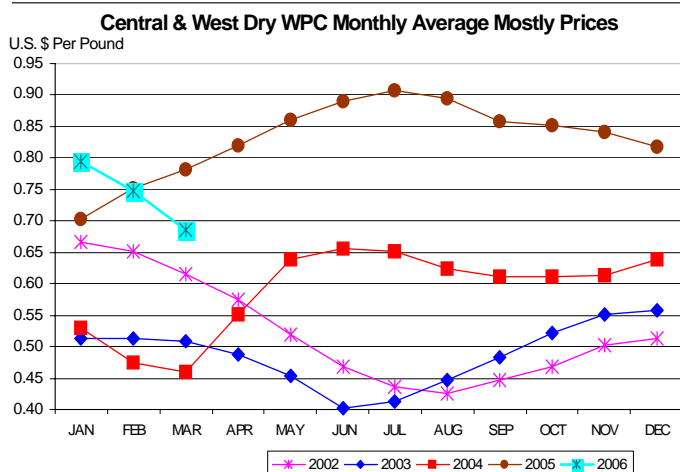
Prices continue to move lower and the market tone is weak. Production levels are steady at heavy levels. Northeastern cheese plants are receiving heavy volumes of milk and most are operating above anticipated mid-April levels. Contracts continue to clear the bulk of the output, but plant stocks continue to grow. Some unconfirmed reports have multi-load deals at discounted prices. Traders and producers comment that this week's market activity is sluggish at best. Spot buyers have stepped away from the market while prices decline. With increased cheese output, more condensed whey is available on the market.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3000 - .3375
DELVD SOUTHEAST: .3200 - .3325

DRY WHEY - WEST

Western dry whey prices were lower and the market undertone remains weak. Surplus loads are available in the region as more milk is moving into cheese plants. Whey drying is active to process the available whey solids. There are producers that are balanced and are noting good domestic and export movement of current production. Others are longer on whey stocks and are discounting to secure sales. New contract orders are harder to secure, especially by exporters without prior relationship with buyers. Domestic interest is fair. Buyers are often reluctant to make purchases beyond immediate needs in a falling market. Stock levels vary from in balance to long. FAS reports U.S. export data for dry whey during January-February 2006 at 63.3 million pounds, 9.7% lower than the same period in 2005. The top countries, export volumes and change from 2005 are: China, 14.6 million pounds, -18.0%; Japan, 10.0 million pounds, -18.5%; Korea, 8.5 million pounds, +22.8%; Canada, 8.1 million pounds, +2.8%; and Thailand, 4.7 million pounds, -9.3%.

NONHYGROSCOPIC: .2925 - .3450 MOSTLY: .3000 - .3200

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are lower on a weak market. Some plants are reporting that stocks are in better balance due to increased export movement or reduced production. Supplies of condensed WPC are increasingly available for the very light interest. WPC 80% remains competitive with WPC 34%, particularly for feed demand. Canadian offers of WPC 34% are competitive with U.S. supplies in the domestic market. Demand is best for heat treated or Grade A WPC 34%. Off grade WPC 80% and 34% are readily available for the light interest. During January-February 2006, WPC 34% and 80% exports respectively increased 40.65% and 66.62% compared to January-February 2005. Export quantities and percentage changes for the dominant 34% WPC markets include: Mexico 4,853,649 lbs (-4.15%), Canada 2,071,099 lbs (+73.73%), and Republic of Korea 1,906,460 lbs (+1297.42% or about 38% of the total quantity shipped during 2005). Export quantities and percentage changes for the dominant 80% WPC markets include: Canada 954,773 lbs (+9.42%), Mexico 836,859 lbs (+169.67%), China 705,280 lbs (+162.30%), and Thailand 454,244 lbs (+1961.00% or about 70% more than the total quantity shipped during 2005).

F.O.B. EXTRA GRADE 34% PROTEIN: .5850 - .6350 MOSTLY: .6150 - .6350

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Some additional contracts for the second quarter were finalized. Limited supplies available for the spot trade are generally trading at a premium to the market. Brokers that had promised year round supplies to end-users are coming up short as producers selectively shorted second quarter contracts to brokers. Some feed users are opting to purchase dry permeate as a cost effective substitute to lactose when possible. Feed grade supplies are limited for the good interest. During January-February 2006, lactose exports increased 108.27% compared to January-February 2005. Export quantities and percentage changes for the dominant markets include: Mexico 31,708,507 lbs (+979.93% or about 35% more than the total quantity shipped during 2005), Japan 7,787,834 lbs (-21.11%), Vietnam 3,382,479 lbs (+38.60%), Thailand 3,248,255 lbs (+564.17% or 37% of the total quantity shipped during 2005). January-February 2006 exports to China at 2,073,964 lbs are about 50% lower compared to this period in 2005.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2400 - .2975 MOSTLY: .2500 - .2700

CASEIN - NATIONAL

Casein markets and prices are generally unchanged. Some buyers and suppliers continue to report that lower priced offerings are in the marketplace. Often, these additional supplies are from sources that buyers have not dealt with in the past and buyers are hesitant to take advantage of the offerings. For the most part, domestic buyers are able to secure needed volumes for their needs, although acid supplies remains more limited than rennet.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1500
ACID: 3.0800 - 3.2000

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels are heavier as more milk is available and producers typically replenish inventories during the spring. Retail sales are slower now that Easter sales are behind us. Some improved shipments at the producers level has been noted as buyers take advantage of buy-in periods following price increases. The market remains highly competitive.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.20 - 36.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURESSelected settling prices, (open interest), and volume 1/

Month	03/29	03/30	03/31	04/03	04/04	04/05	04/06	04/07	04/10	04/11
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAR 06	11.12 (2609) 15	11.12 (2627) 0	11.11 (2337) 0							
APR 06	11.00 (3035) 51	11.00 (3024) 0	10.96 (3018) 12	11.01 (3002) 37	10.98 (2962) 128	10.95 (2905) 14	10.95 (2896) 34	10.92 (3048) 20	10.88 (3037) 20	10.88 (3008) 0
MAY 06	10.85 (3294) 43	10.85 (3286) 126	10.88 (3298) 73	10.88 (3290) 46	10.90 (3288) 92	10.90 (3289) 30	10.86 (3312) 31	10.90 (3308) 60	10.87 (3317) 25	10.82 (3307) 47
JUN 06	10.88 (3273) 54	10.97 (3338) 119	10.97 (3327) 135	10.96 (3319) 15	11.00 (3321) 68	10.94 (3360) 51	10.90 (3361) 82	10.91 (3352) 28	10.82 (3398) 53	10.80 (3385) 23
JUL 06	11.24 (3024) 107	11.30 (3118) 126	11.28 (3137) 102	11.28 (3127) 24	11.30 (3137) 12	11.28 (3146) 11	11.25 (3220) 124	11.25 (3233) 41	11.17 (3368) 157	11.16 (3380) 47
AUG 06	11.75 (3215) 82	11.73 (3220) 75	11.74 (3234) 31	11.70 (3236) 27	11.72 (3211) 61	11.70 (3227) 12	11.67 (3293) 99	11.64 (3316) 29	11.60 (3360) 63	11.60 (3365) 9
SEP 06	11.86 (3143) 99	11.87 (3189) 86	11.83 (3203) 39	11.81 (3200) 19	11.83 (3205) 5	11.80 (3217) 22	11.80 (3335) 134	11.79 (3307) 53	11.75 (3318) 32	11.75 (3325) 7
OCT 06	11.86 (2945) 49	11.86 (2965) 14	11.86 (2991) 35	11.81 (2991) 17	11.81 (3009) 46	11.75 (3012) 10	11.74 (3110) 122	11.73 (3109) 12	11.73 (3098) 24	11.73 (3101) 7
NOV 06	11.86 (2612) 53	11.71 (2636) 29	11.77 (2663) 60	11.77 (2665) 7	11.75 (2695) 37	11.75 (2695) 11	11.73 (2784) 102	11.70 (2788) 30	11.66 (2797) 33	11.66 (2797) 0
DEC 06	11.76 (2482) 8	11.76 (2505) 37	11.67 (2525) 77	11.68 (2527) 21	11.64 (2547) 34	11.64 (2551) 4	11.64 (2627) 67	11.64 (2629) 9	11.62 (2636) 9	11.62 (2636) 0
JAN 07	11.71 (590) 65	11.71 (590) 0	11.67 (595) 5	11.67 (596) 2	11.70 (596) 5	11.67 (604) 3	11.67 (616) 22	11.67 (616) 6	11.65 (618) 6	11.65 (618) 0
FEB 07	11.71 (545) 70	11.71 (544) 1	11.71 (544) 0	11.70 (548) 7	11.70 (553) 5	11.70 (556) 4	11.70 (574) 22	11.67 (582) 9	11.62 (586) 7	11.62 (582) 4
MAR 07	11.69 (569) 66	11.69 (569) 0	11.69 (569) 0	11.69 (575) 7	11.70 (580) 5	11.70 (582) 3	11.70 (600) 22	11.67 (606) 6	11.60 (610) 6	11.60 (610) 0
APR 07	11.97 (406) 14	11.97 (406) 0	11.97 (406) 0	12.00 (408) 3	12.00 (409) 5	11.95 (414) 8	11.95 (424) 20	11.95 (424) 6	11.90 (425) 5	11.90 (424) 2
MAY 07	11.95 (393) 13	11.95 (393) 0	11.95 (393) 0	11.95 (394) 3	11.95 (394) 5	11.99 (398) 4	11.99 (406) 11	11.98 (406) 6	11.93 (406) 4	11.95 (405) 2
JUN 07	12.15 (352) 13	12.15 (352) 0	12.15 (352) 0	12.15 (353) 3	12.10 (363) 13	12.08 (366) 5	12.08 (376) 11	12.05 (378) 8	12.05 (378) 4	12.05 (378) 0
JUL 07	12.25 (213) 20	12.25 (213) 0	12.25 (213) 0	12.25 (223) 11	12.25 (234) 11	12.25 (243) 9	12.25 (258) 15	12.25 (259) 1	12.22 (259) 0	12.25 (291) 32
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAR 06	10.75 (12) 0	10.75 (12) 0	10.68 (12) 0							
APR 06	10.85 (1) 0	10.85 (1) 0	10.85 (1) 0	10.85 (1) 0	10.85 (1) 0	10.75 (1) 0	10.75 (1) 0	10.75 (1) 0	10.69 (1) 0	10.69 (1) 0
MAY 06	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	10.90 (1) 0	10.85 (1) 0	10.85 (1) 0	10.85 (1) 0	10.85 (1) 0	10.80 (1) 0
CME - PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)										
MAR 06	115.25 (2) 0	118.50 (236) 3								
MAY 06	118.50 (237) 6	121.75 (311) 0	118.00 (231) 5	118.50 (227) 4	119.25 (223) 4	118.00 (219) 4	117.50 (217) 3	113.00 (216) 1	115.75 (213) 7	115.00 (213) 12
JUL 06	121.75 (311) 0	125.00 (284) 4	121.75 (311) 0	121.75 (311) 0	122.00 (306) 12	120.00 (305) 3	120.00 (305) 0	120.00 (304) 4	119.25 (304) 3	118.25 (304) 4
SEP 06	124.50 (281) 5	126.00 (157) 1	125.00 (290) 6	125.50 (295) 5	125.75 (304) 14	124.05 (309) 7	123.75 (312) 4	123.50 (320) 12	123.00 (325) 7	122.00 (325) 3
OCT 06	126.00 (156) 3	127.25 (19) 0	126.00 (161) 6	126.50 (162) 2	127.00 (171) 10	125.50 (173) 7	125.00 (175) 2	124.80 (176) 1	124.00 (177) 6	123.00 (180) 3
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAR 06	117.00 (307) 3	117.00 (307) 0	116.47 (307) 0							
APR 06	118.00 (346) 0	117.25 (347) 5	117.25 (347) 9	117.00 (346) 2	117.00 (340) 6	115.00 (344) 12	1143.75 (340) 8	114.75 (332) 7	114.00 (330) 2	114.25 (320) 10
MAY 06	119.50 (481) 4	119.00 (482) 7	118.00 (485) 10	118.00 (485) 2	118.25 (485) 1	117.75 (485) 10	117.50 (486) 1	117.00 (490) 4	116.00 (490) 0	115.50 (494) 9

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered April 3 - 14, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production in Europe continues to build, but slowly. Milk producers and handlers attribute colder than usual temperatures for the slow growth. Pastures are slow in developing, thus the milking herd is getting most of their ration from carryover winter feed volumes. At this point, handling the increasing milk volumes is not a problem with milk reported to be directed toward cheese production versus other manufactured dairy products. As the milk flow increases, manufacturers state that butter/powder and whole milk powder production will become heavier. Skim milk powder prices remain firm, although traders and handlers feel that this firm trend will weaken within 4 - 6 weeks when milk volumes become heavier and powder production increases. For the period of March 1 - April 7, no surplus skim milk powder has been offered to intervention. This compares to nearly 1,600 MT last year for the comparable period, 2,500 in 2004, 6,000 in 2003, and 21,000 in 2002. Butter offerings remain strong. For the six week period of March 1 - April 7, 18,035 MT of butter has been offered to intervention. These offerings compare to 14,622 MT last year and 14,466 MT in 2004 for comparable time periods. Traders and handlers state that international buyer interest and sales activity is limited. Many feel that buyers will remain absent from the market until prices trend lower, especially when supplies from other international sources are available and less costly than current European offerings. At the Dairy Management committee meeting on Wednesday, April 12 (due to the upcoming Easter holiday), no major dairy related issues were addressed. Common refunds were unchanged with various export refunds adjusted slightly.

BUTTER/BUTTEROIL: European butter markets and prices remain weak. Butter production is increasing slowly as milk volumes increase. Producers and handlers state that international buying interest is slow. Domestic sales are fair at best with traders and handlers reporting that pre-Easter demand has been lighter than usual this year. Butter intervention offerings for the period of March 1 - April 7 total 18,035 MT and PSA offerings, for the same period total 29,329 MT.

82% BUTTERFAT:	1,850 - 2,075
99% BUTTERFAT:	2,250 - 2,425

SKIM MILK POWDER (SMP): European skim milk powder markets remain firm with prices basically unchanged. Most traders and handles anticipate that prices will weaken in 4 - 6 weeks. Much of this weakness will be attributed to growing stocks and limited sales activity. Most feel that prices will need to decline to remain competitive with other countries. At this time, lower priced powder is available outside of the European market which is receiving buyer inquiries. Powder stocks are building in Europe, but not at the pace of previous year. Since intervention opened on March 1, no powder has been offered to the program.

1.25% BUTTERFAT:	2,200 - 2,350
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Powder production is increasing seasonally, although slower than usual for this time of the season. Manufacturers state that, when possible, milk is being diverted away from powder production and directed toward cheese output. Traders and handlers indicate that whole milk powder stocks are available, although higher priced than potential buyers are willing to pay. Traders state that prices will need to decline if they want to compete in the international marketplace during coming months.

26% BUTTERFAT:	2,100 - 2,250
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SWEET WHEY POWDER: European whey powder markets remain firm, although prices are starting to show some slight weakness. Demand for whey is strong, especially for domestic or internal needs. International sales are limited, often due to higher than desired prices being quoted for European offerings. Cheese production is strong. When possible, milk is being directed toward cheese output versus other products. Much of the increase in cheese demand is from an internal market as consumers steer away from poultry products and are increasing their dairy product intake.

NONHYGROSCOPIC:	800 - 875
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EASTERN OVERVIEW: Milk production in Eastern Europe is also developing slowly. Producers and handlers are attributing the colder than usual temperatures to the slow production growth. The new milk quota year is just beginning and many manufacturing plants are not experiencing a significant upturn in receipts. Many feel that most producers were within their quota limits. Traders and handlers in the region indicate that international buyer interest remains

OCEANIA

OCEANIA OVERVIEW: Milk production in Oceania continues to decline seasonally. In New Zealand, production reports are mixed. Some indicate that output is running ahead of last year while others indicate that output continues to trail last season. All reports agree that output for the current season is down from projections. In Australia, the heat of December and January continues to impact end of season production trends. On a cumulative basis, production for the first eight months of the season (July - February) is down 0.1% when compared to a year ago. Monthly production is down 1.9% from last year and is the sharpest monthly decline thus far this season. Victoria, the leading milk production region of Australia, recorded a 2.6% decline from last year for the month. This follows a 2.3% decline in January and a 1.3% decline in December. Milk producers and handlers state that it does not take too long before these regional declines sharply impact total milk output for the country. As milk volumes decline, so are manufacturing schedules. Some Oceania manufacturers and traders are taking advantage of outside sources to satisfy customer needs and directing declining milk volumes toward products of better return. At this point, most traders and handlers remain optimistic that they will have sufficient stocks, coupled with outside sources, to fulfill current year commitments. Sales negotiations continue for next seasons' production. For now, no major increases or decreases are being reported. Some negotiators state that a few customers are somewhat hesitant to commit at this time. Suppliers and traders feel that customers are probably waiting to see what type of a production season is in store for Europe and what impact this may have on future pricing.

BUTTER: Oceania butter markets are generally steady with prices unchanged to lower. Traders and handlers state that prices are reflective of the weak price trend in Europe. Oceania supplies are in close balance with demand. Some traders and handlers are reaching to outside sources to secure butter stocks to supplement declining production in the region.

82% BUTTERFAT:	1,700 - 1,900
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CHEDDAR CHEESE: Oceania cheese markets and prices are generally unchanged. The milk production season is winding down, thus is cheese production. However, some manufacturers indicate that milk volumes, when possible, are being directed towards cheese output. Cheese stocks appear to be in balance with needs and should be sufficient for needs into the new production season, especially if some additional late season production occurs.

39% MAXIMUM MOISTURE:	2,550 - 2,750
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SKIM MILK POWDER (SMP): Skim milk powder markets are weak with prices generally lower. Oceania powder production is declining seasonally as milk volumes decrease. For many manufacturers, powder output has not attained projected levels this year, but with prearranged outside supply sources, powder supplies are sufficient to maintain scheduled shipments. Oceania traders and handlers are closely monitoring European markets as the EU milk production season builds. Many feel that the EU's production season will be a factor in how Oceania's next sales season will develop.

1.25% BUTTERFAT:	2,050 - 2,150
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady, although an unsettled undertone is developing. Prices are unchanged to lower. Traders and handlers state that stocks are sufficient for current needs, but some are concerned about declining milk volumes and what impact this will have on end of the season manufacturing schedules. In both New Zealand and Australia, milk production has not attained projected level, thus some handlers feel that they may need to reach into next season's production to fulfill current year commitments.

26% BUTTERFAT:	2,050 - 2,200
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Exchange rates for selected foreign currencies: April 10, 2006

.8703 Canadian Dollar	.0224 Indian Rupee
.3248 Argentina Peso	.6097 New Zealand Dollar
.0900 Mexican Peso	.7293 Australian Dollar
.3063 Polish Zloty	.0084 Japanese Yen
	1.2104 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0900)=

11.1111 Mexican Pesos. Source: "Wall Street Journal"

EASTERN OVERVIEW CONTINUED: light. Stocks of product are available for immediate or near term shipment, but firm prices are often limiting buyer interest.

APRIL MILK SUPPLY AND DEMAND ESTIMATES*

Forecast milk supply in 2006 is raised from last month as USDA's *Milk Production* report indicated continued strong growth in milk supplies during February. With higher production, stock forecasts are increased slightly. Product prices are forecast lower than last month, but forecast CCC net removals are unchanged. The Class III price forecast is reduced due to lower expected cheese prices. Likewise, lower forecast butter prices result in a lower Class IV price. The all milk price forecast for 2006 is lowered to \$12.55-\$13.05 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2004	2005 Estimated		2006 Projected	
		March	April	March	April
MILK		BILLION POUNDS			
PRODUCTION	170.9	177.0	177.0	182.0	182.2
FARM USE	1.1	1.1	1.1	1.1	1.1
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.3	7.2	7.2	8.0	8.0
MARKETINGS	169.8	175.9	175.9	180.9	181.1
IMPORTS	5.3	4.6	4.6	4.7	4.6
TOTAL COMMERCIAL SUPPLY	183.4	187.7	187.7	193.6	193.7
FAT BASIS USE					
ENDING COMMERCIAL STOCKS	7.2	8.0	8.0	8.0	8.2
CCC NET REMOVALS <u>1/</u>	-0.1	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	176.3	179.7	179.7	185.5	185.5
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.5	8.2	8.2	8.9	8.9
MARKETINGS	169.8	175.9	175.9	180.9	181.1
IMPORTS	4.8	4.5	4.5	4.6	4.8
TOTAL COMMERCIAL SUPPLY	183.1	188.6	188.6	194.4	194.9
SKIM-SOLIDS BASIS USE					
ENDING COMMERCIAL STOCKS	8.2	8.9	8.9	8.5	9.0
CCC NET REMOVALS <u>1/</u>	1.3	-1.0	-1.0	1.2	1.2
COMMERCIAL USE <u>2/</u>	173.7	180.6	180.6	184.7	184.7
CCC PRODUCT NET REMOVALS <u>1/</u>		MILLION POUNDS			
BUTTER	-7	0	0	0	0
CHEESE	6	-2	-2	0	0
NONFAT DRY MILK	105	-80	-80	100	100
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 10

APRIL MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2004	2005 Estimated		2006 Projected	
		March	April	March	April
PRODUCT PRICES <u>1/</u> CHEESE BUTTER NONFAT DRY MILK DRY WHEY MILK PRICES <u>2/</u> CLASS III CLASS IV ALL MILK <u>3/</u>	DOLLARS PER POUND				
	1.6431	1.4875	1.4875	1.230-1.290	1.225-1.275
	1.8239	1.5405	1.5405	1.205-1.295	1.195-1.275
	0.8405	0.9409	0.9409	0.840-0.890	0.845-0.885
	0.2319	0.2782	0.2782	0.280-0.310	0.280-0.310
	DOLLARS PER CWT				
	15.39	14.05	14.05	11.50-12.10	11.45-11.95
	13.20	12.87	12.87	10.65-11.35	10.65-11.25
	16.05	15.15	15.15	12.75-13.35	12.55-13.05
	QUARTERLY				
2005 IV	2006 I <u>4/</u>	2006 II <u>4/</u>	2006 III <u>4/</u>	2006 IV <u>4/</u>	
MILK PRODUCTION ALL MILK PRICE <u>2/</u> <u>3/</u> CLASS III PRICE <u>2/</u> CLASS IV PRICE <u>2/</u>	BILLION POUNDS				
	43.7	45.6	46.9	44.8	44.8
	DOLLARS PER CWT.				
	15.13	13.60	11.75-12.15	12.20-12.90	12.60-13.60
	13.69	12.23	10.80-11.20	11.45-12.15	11.20-12.20
13.03	11.33	10.30-10.80	10.50-11.30	10.40-11.50	

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at http://www.ams.usda.gov/dyfm/mib/fedordprc_dscrp.htm. 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Howard McDowell, AMS; Paul Kiendl, FAS; George Wallace, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-433, World Agricultural Outlook Board, USDA, April 10, 2006.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, JANUARY 2006

In January 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.43 per cwt., \$.30 less than the figure for the previous month. The component tests of producer milk in January 2006 were: butterfat, 3.77%; protein, 3.07%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$17.31 in Florida to \$12.74 in New Mexico. In January 2005, the Federal milk order all-area average mailbox price was \$15.89, \$1.46 higher.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	January 2005	December 2005	January 2006
	Dollars per hundredweight		
New England States <u>3/</u>	16.65	15.20	15.08
New York	16.17	14.75	14.55
Eastern Pennsylvania <u>4/</u>	16.39	15.28	14.96
Appalachian States <u>5/</u>	16.57	14.93	14.87
Southeast States <u>6/</u>	17.21	16.01	15.81
Southern Missouri <u>7/</u>	16.01	14.43	13.94
Florida	18.70	17.98	17.31
Western Pennsylvania <u>8/</u>	16.14	15.09*	14.88
Ohio	15.99	14.88	14.64
Indiana	16.11	14.76	14.53
Michigan	15.58	14.70	14.48
Wisconsin	16.00	15.06	14.70
Minnesota	15.78	14.83	14.17
Iowa	15.92	14.88	14.43
Illinois	15.88	15.06	14.68
Corn Belt States <u>9/</u>	14.98	13.82	13.65
Western Texas <u>10/</u>	15.00	13.77	13.58
New Mexico	14.09	12.94	12.74
Northwest States <u>11/</u>	14.76	13.77	13.46
All Federal Order Areas <u>12/</u>	15.89	14.73	14.43
California <u>13/</u>	14.85	13.49	12.87

*=Revised.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. Previous year figures have not been revised for new reporting areas. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

THE KANSAS CITY COMMODITY OFFICE AWARDED CONTRACTS TO SELL CHEESE TO CCC FOR JULY 1, 2006 THROUGH JUNE 30, 2007 DELIVERY WITH PRICES SO MUCH ABOVE OR BELOW (IN BRACKETS) THE PREVIOUS MONTHLY CHICAGO MERCANTILE EXCHANGE AVERAGE.

<u>PROCESS</u>	QUANTITY (POUNDS)		PRICE PER POUND
	MINIMUM	MAXIMUM	
6/5# PROCESS LOAF	1,861,200	8,038,800	\$0.1440 - .2070
BLEND AM&SKIM 2#	1,584,000	7,405,200	\$0.1650 - .2450
6/5# PROCESS SLICED	8,434,800	32,036,400	\$0.0570 - .1950
SLICED BLEND 6/5#	3,880,800	9,583,200	\$0.0699 - .1633
TOTAL	15,760,800	57,063,600	

MOZZARELLA

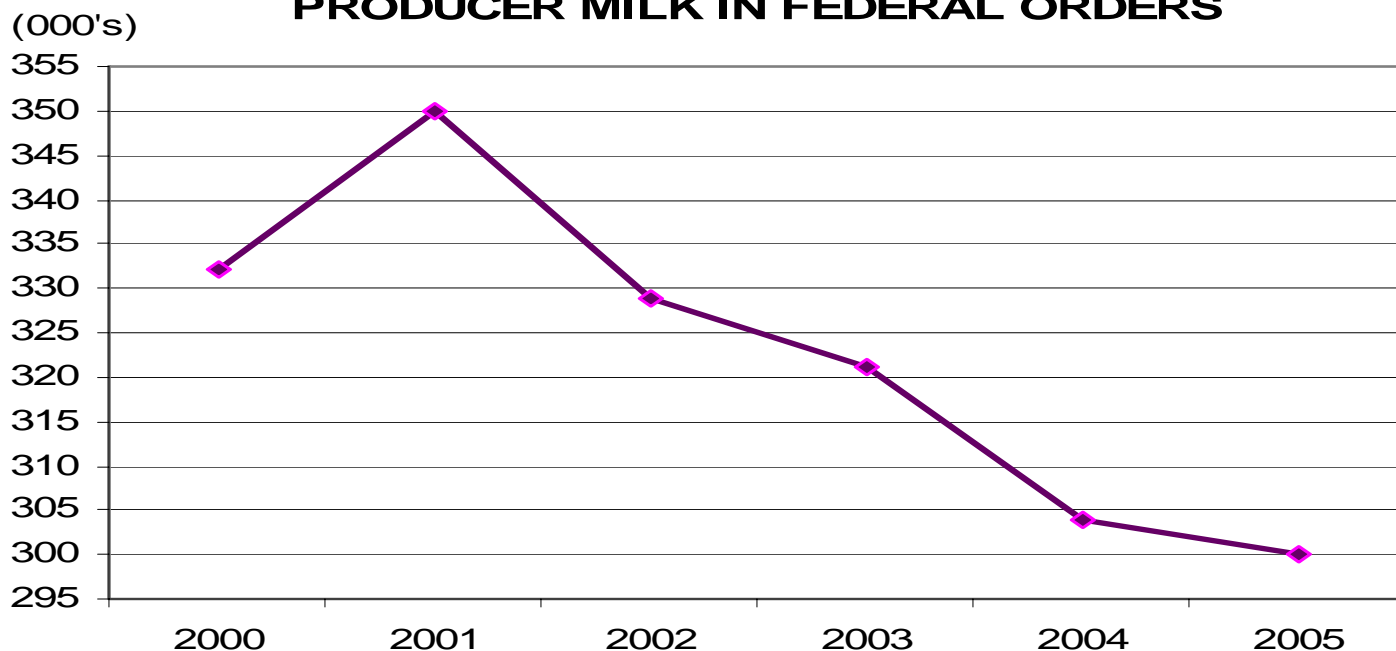
LMPS, SHREDS FRZN 30#	3,790,080	11,168,640	\$0.0348 - .1284
LMPS, FRZN 8/6# LOAVES	2,862,720	8,951,040	(\$0.0548)- .0535
LITE, FROZEN 8/6# LOAF	120,960	725,760	\$0.1603 - .2177
LITE, SHRED, FRZN 30#	1,653,120	4,596,480	\$0.2010 - .2770
LMPS, UNFRZN, PROC PACK	16,813,440	47,053,440	(\$0.1098)-(.0031)
TOTAL	25,240,320	72,495,360	

CHEDDAR*

CHEDDAR, RDU-FAT, 4/10#	39,950	799,000	\$0.3500 - .3700
CHEDDAR, RDU-FAT SHREDS 6/5#	1,651,200	5,798,400	\$0.2981 - .3618
CHEDDAR SHREDS 6/5#	2,726,400	7,756,800	\$0.2085 - .2783
CHEDDAR CUTS 4/10#	439,450	2,077,400	\$0.2500 - .3450
CHEDDAR BLOCKS 40#	518,100	2,916,350	\$0.1250 - .1600
TOTAL	6,375,100	19,347,950	

*CONTRACTS FOR 500 POUND BARRELS WERE NOT AWARDED DUE TO PRICE. USDA INTENDS TO ISSUE A SUPPLEMENTAL INVITATION TO OBTAIN THE QUANTITY OF 13.8 MILLION POUNDS OF 500 LB BARRELS NOT PURCHASED UNDER INVITATION FOR BID BCD3-010.

ANNUAL AVERAGE SOMATIC CELL COUNT OF PRODUCER MILK IN FEDERAL ORDERS



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF APRIL 10 - 14, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 04/07/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	1,306,646	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Instant	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,306,646	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF APRIL 10 - 14, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.3	15.2	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - APRIL 14, 2006 =	0.3	15.2	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF APRIL 10 - 14, 2006 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	1,306,646	29,415,099	100.0	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	1,306,646	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 03/25/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2006-Dairy	N.A.	0.5	5.9	2.4	14.3	2.3	0.2	N.A.	13.8	1.5	42.0	572.5	50.3	46.7
2005-Dairy	N.A.	0.6	6.1	2.5	14.2	2.5	0.6	N.A.	12.4	2.5	42.4	612.0	49.1	49.5
2006-All cows	N.A.	0.5	7.4	9.9	24.7	12.7	8.3	N.A.	15.5	1.9	83.5	1,226.8		
2005-All cows	N.A.	0.7	7.5	10.4	26.4	10.1	10.8	N.A.	13.3	4.3	86.3	1,237.4		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22								
II	13.25	12.62	11.69									
III	13.39	12.20	11.11									
IV	12.20	11.10	10.68									

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm